

Message Text

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17 15
ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 INT-08 COME-00 TRSE-00 SCEM-02

NEA-10 AF-10 SCI-06 OMB-01 DRC-01 /171 W

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R 310941Z OCT 73
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 8905

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E.O. 11652: N/A
TAGS: ENRG, RP
SUBJECT: IMPENDING OIL PRODUCT SHORTAGE IN PHILIPPINES

REF: MANILA 11934

1. OIL COMPANIES FORESEE SERIOUS SHORTAGE OF OIL PRODUCTS IN PHILIPPINES NEXT SEVERAL MONTHS, EXTENDING WELL INTO 1974, AND SHORTAGE COULD REACH CRITICAL PROPORTIONS IF MIDDLE EAST PRODUCTION CUTBACKS RESULT IN SIZEABLE REDUCTIONS OF CRUDE SUPPLIES TO PHILIPPINES OR IF COMPANIES FAIL TO GET SUBSTANTIAL DOMESTIC PRICE INCREASES DURING NEXT TWO WEEKS IN ORDER COVER LARGE OCTOBER CRUDE PRICE HIKES.

2. SHELL HAS REPORTEDLY INFORMED GOP IT IS CUTTING CRUDE RUNS 12 PERCENT OWING TO MIDDLE EAST CUTBACKS AND ALL AMERICAN COMPANIES HAVE BEEN ADVISED TO EXPECT MOMENTARY NOTIFICATION OF REDUCED CRUDE ALLOCATIONS.

3. COMPANIES NOTE PHILIPPINE PROBLEM AGGRAVATED BY UNUSUALLY LOW CRUDE INVENTORIES AS RESULT OF FINANCIAL PRESSURE ON COMPANIES DURING PAST YEAR. FURTHERMORE,
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REFINERY RUNS OVER PAST TWO MONTHS OR MORE ARE ESTIMATED TO

HAVE BEEN 5 TO 10 PERCENT UNDER MARKET DEMAND.
ADDITIONAL CUTS IN REFINERY RUNS THEREFORE WILL CAUSE
CRITICAL SHORTAGE. DOMESTIC TANKER AND OTHER
TRANSPORTATION BREAKDOWNS ARE ALREADY CAUSING
MORE SEVERE SHORTAGES IN SOUTHERN INLANDS THAN IN LUZON.

4. GOP PRIME COMMODITIES COMMITTEE AND OIL INDUSTRY
COMMISSION ARE PREPARING CONTINGENCY PLANS FOR PRIORITY
ALLOCATION AND RATIONING SYSTEM, BUT COMPANIES COMPLAIN
GOP NOT YET SHOWING REAL SENSE OF URGENCY IN ATTACKING
PROBLEM AND HAS NOT GEARED UP TO PUT ADDITIONAL PRICE
INCREASE PROMPTLY INTO EFFECT. (COMPANIES WANT MINIMUM
6 CENTAVOS PER LITER AVERAGE INCREASE--9 CENTAVOS FOR
GASOLINE.) COMPANIES ARE SUPPLYING INFORMATION TO OIC
AND OTHER OFFICES TO PRIVIDE BETTER UNDERSTANDING OF
DIMENSIONS OF CURRENT PROBLEM.

5. ACTION REQUESTED: EMBASSY WOULD APPRECIATE
INFORMATION ON EFFECT OF ARAB OIL MEASURES REQUESTED
REFTEL. DOES PHILS APPEAR ON ANY LISTS ISSUED BY
ARAB GOVERNMENTS RELATIVE TO CRUDE DELIVERIES.?
SULLIVAN

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Message Attributes

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